



## TABLE OF CONTENTS

INTRODUCTION	4
SECTION I	
DEFINITIONS	5
SECTION II	
OBJECTIVE	7
SECTION III	
SCOPE OF WORK	8
SECTION IV	
MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)	9
SECTION V	
FINANCIAL ARRANGEMENTS	11
SECTION VI	
CONTRACTUAL ARRANGEMENTS	13
SECTION VII	
PROJECT EQUIPMENT	15
SECTION VIII	
DISCLOSURE AND USE OF PROJECT INFORMATION	17
SECTION IX	
CONTROLLED UNCLASSIFIED INFORMATION	20
SECTION X	
VISITS TO ESTABLISHMENTS	21
SECTION XI	
SECURITY	22
SECTION XII	
THIRD PARTY SALES AND TRANSFERS	25
SECTION XIII	
LIABILITY AND CLAIMS	26
SECTION XIV	
CUSTOMS DUTIES, TAXES AND SIMILAR CHARGES	27
SECTION XV	
SETTLEMENT OF DISPUTES	28

SECTION XVI

GENERAL PROVISIONS

29

ANNEX A

SAMPLE PROJECT ARRANGEMENT

A-1

ANNEX B

COOPERATIVE PROJECT PERSONNEL

B-1

## INTRODUCTION

The Secretary of Defense on behalf of the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland, hereinafter referred to as the "Participants:"

Having a common interest in defense;

Recognizing the benefits to be obtained from rationalization, standardization and interoperability of military equipment;

Seeking to make the best use of their respective research and technology development capacities, eliminate unnecessary duplication of work and obtain the most efficient and cost-effective results through cooperation in Research and Development Projects (RDP);

Recognizing the need to collectively develop emerging technologies to field technologically superior weapons;

Recognizing the successful cooperation that has been accomplished under Project Arrangements (PAs) to the Technology Research and Development Projects Memorandum of Understanding (MOU) of 18 November 1994;

Recognizing the Agreement Concerning Defense Cooperation Arrangements of 27 May 1993 between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland will apply to this MOU;

Recognizing the Memorandum of Understanding between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland Relating to the Principles Governing Cooperation in Research and Development, Production, Procurement, and Logistics Support of Defence Equipment, dated 13 December 1994; and

Recognizing the Declaration of Principles for Defense Equipment and Industrial Co-operation of 5 February 2000 between the Secretary of Defense on behalf of the Department of Defense of the United States of America and the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland;

Have reached the following understandings:

## SECTION I DEFINITIONS

The Participants have decided upon the following definitions for terms used in this MOU:

Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking.
Contract	Any mutually binding legal relationship under national laws which obligates a Contractor under a Project to furnish supplies or services, and obligates one or both of the Participants to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, and preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Participant, which has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Participant who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract under a Project by a Participant's Contracting Agency.
Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. Whether the information is provided or generated under this MOU, the information will be marked to identify its "in confidence" nature. It could include information which has been declassified, but remains controlled.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of either Participant.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOU.
Patent	Legal protection of the right to exclude others from making, using, or selling an invention. The term refers to any and all Patents,

including but not limited to, Patents of implementation, improvement, or addition, petty Patents, utility models, appearance design Patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.

Project	Specific collaborative activity described in a Project Arrangement.
Project Arrangement (PA)	An implementing arrangement, added after the MOU has come into effect, which specifically details the terms of collaboration on a specific Project.
Project Background Information	Information not generated in the performance of a Project.
Project Equipment	Any material, equipment, end item, subsystem, component, special tooling or test equipment jointly acquired or provided for use in a Project.
Project Foreground Information	Information generated in the performance of a Project.
Project Information	Any information provided to, generated in, or used in a Project regardless of form or type, including that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyrights, Patents, or other legal protection.
Project Invention	Any invention or discovery formulated or made (conceived or "first actually reduced to practice") in the course of work performed under a Project. The term "first actually reduced to practice" means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Third Party	A government other than the government of a Participant and any person or other entity whose government is not the government of a Participant.

## SECTION II OBJECTIVE

2.1 The objective of this MOU is to define and establish the general principles which will apply to the initiation, conduct, and management of Projects established by separate Project Arrangements (PAs) between representatives of the Participants authorized in accordance with national procedures of the Participants. These PAs will be entered into pursuant to this MOU and will incorporate by reference the provisions of this MOU.

2.2 Each PA will include specific provisions, consistent with this MOU, concerning the objectives, scope of work, sharing of tasks, management structure, financial arrangements, contractual arrangements (if required) security classification and other provisions as required, in accordance with the format detailed in Annex A. In the event of a conflict between the provisions of this MOU and any PA, the MOU will govern.

### SECTION III SCOPE OF WORK

3.1 The scope of work for this MOU encompasses collaboration on basic research, applied research, advanced technology development, concept exploration, and program definition and risk reduction. Project Arrangements (PAs) may include cooperation on one or more of these defined program development phases. Cooperation on full development or engineering and manufacturing development, fielding/deployment, and operational support is outside the scope of this MOU.

3.2 Information exchange specifically for the purpose of harmonizing the Participant's RDP requirements for formulating, developing, and negotiating PAs is permitted under this MOU.

3.3 This MOU does not preclude the Participants entering into any other arrangements in the areas of research and development..



## SECTION IV MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. The following, or equivalent in the event of reorganization, are designated as MOU Principals (MPs): the Deputy Under Secretary of Defense (International Programs) (DUSD(IP)) (DOD RDP/MP) and the Deputy Under Secretary of State (Science and Technology) (MOD RDP/MP). The RDP/MPs will be responsible for:

- 4.1.1. implementing this MOU and exercising executive-level oversight;
- 4.1.2. holding meetings, at the request of either Participant, to review current and planned activities conducted under this MOU;
- 4.1.3. monitoring overall use and effectiveness of the MOU; and
- 4.1.4. recommending amendments to this MOU to the Participants.

4.2. The appropriate DOD Service Acquisition Executive or Defense Agency Director, or their designees, are designated DOD RDP Executive Agents (DOD RDP/EAs) for those projects within their respective military service or defense/defence agency. The Director General (Research and Technology) or his designee is designated MOD RDP Executive Agent (MOD RDP/EA). The RDP/EAs will be responsible for:

- 4.2.1. entering into appropriate PAs in accordance with this MOU and national policies and procedures;
- 4.2.2. establishing an appropriate management structure for each PA considering its scope and the requirement for a Steering Committee (SC);
- 4.2.3. appointing SC members when deemed necessary, and Project Officers (POs);
- 4.2.4. giving administrative direction to appropriate SCs, if established, or POs appointed to their Projects.
- 4.2.5. approving plans for disposal of jointly acquired Project Equipment if an SC is not established;
- 4.2.6. reviewing and forwarding to the MPs amendments to the MOU in accordance with Section XVI, Amendment, Termination, Entry Into Effect, And Duration;
- 4.2.7. approving, after having secured appropriate national approval, amendments to PAs;
- 4.2.8. approving loans of Project Equipment in accordance with Section VII and the terms of the PA; and
- 4.2.9. monitoring Third Party sales and transfers in accordance with Section XII.

4.3. The SC, if established, will be responsible for:

4.3.1. providing policy and management direction to the POs during PA execution;

4.3.2. monitoring overall implementation, including technical cost, and schedule performance against requirements;

4.3.3. approving plans for disposal of jointly acquired Project Equipment;

4.3.4. reporting status and activity of assigned PAs on an annual basis to the RDP/EAs and RDP/MPs.

4.3.5. resolving issues brought forth by the POs;

4.3.6. maintaining oversight of the security aspects of the Projects, including reviewing and attaining approval from the Designated Security Authority of the Project Security Instruction and a Classification Guide prior to the transfer of Classified Information or Controlled Unclassified Information;

4.3.7. approving the assignment of Project personnel to facilities of the other Participant to work on a Project; and

4.3.8. appointing a Project security officer.

4.4. The POs will have primary responsibilities for effective implementation, efficient management and direction of their assigned PA including financial, technical, security, cost, and schedule performance against requirements. The POs will also be responsible for reporting to the SC on the status of the Project as required but at least annually; developing and recommending amendments to the PA; referring issues that cannot be resolved by them to the SC or EA if no SC is established; developing and implementing approved plans for disposal of jointly acquired Project Equipment; developing and implementing approved plans for disposal of jointly acquired Project Equipment; and developing and forwarding to the SC a Project Security Instruction and a Classification Guide for a Project involving the generation or exchange of Classified Information within three months after PA signature and implementing them upon final approval. Additionally, the POs will have the responsibilities under paragraph 4.3 not assigned to the RTP/EAs when no SC is established for their assigned PA. Either Participant may provide Project personnel to the other Participant's facilities to work on a specific Project. Provisions for the assignment of Project personnel are set out in Annex B.

4.5. The RDP/EAs and SCs will meet as required, on a regular basis, alternately in the United States and the United Kingdom. The chairman for each meeting will be the senior official of the host nation. During such meetings, all decisions will be made unanimously, each Participant having one vote.

## SECTION V FINANCIAL ARRANGEMENTS

5.1. Each Participant will contribute its equitable share of the full financial costs and non-financial costs incurred in performing, managing, and administering its responsibilities under this MOU and each PA, including overhead costs, administrative costs, and costs of claims, and each Participant will receive an equitable share of the results. The tasks to be performed by each Participant will be established in each PA. The assignment of tasks will represent an equitable sharing of the costs of work to be performed under the PA.

5.2. Each Participant will promptly notify the other Participant if available funds are not adequate to fulfill its financial responsibilities under this MOU or its PAs, and will immediately consult on the course of action to be taken with a view toward continuation on a changed or reduced basis.

5.3. This MOU in and of itself creates no financial or non-financial responsibilities regarding individual PAs. Detailed descriptions of the financial arrangements for a specific Project, including, at a minimum, the total cost of the Project and each Participant's share, will be contained in the PA.

5.4. The Participants will endeavor to perform, or have performed, work specified in each PA within the costs specified in each PA.

5.5. Each Participant will bear the full costs it incurs for performing, managing, and administering its activities under this MOU and participation in each PA, including its share of the costs of any Contracts let under the provisions of paragraph 5.7 below.

5.6. The following costs will be borne entirely by the Participant incurring the costs:

5.6.1. costs associated with any unique national requirements identified by a Participant; and

5.6.2. any other costs outside the scope of this MOU and its PAs.

5.7. Under a PA, the Participants may decide that it is necessary for one Participant to incur contractual or other obligations on behalf of the other Participant. In the event one Participant incurs such obligations, the other Participant will pay its equitable share of such obligations, make funds available in such amounts and at such times as may be required by the obligations, or pay any damages and costs that may accrue from the performance of or cancellation of the obligation in advance of the time such payments, damages, or costs are due.

5.8. For each PA, the POs will be responsible for establishing the detailed financial management procedures under which the Project will operate. Where necessary, these procedures will be detailed in a financial management procedures document proposed by the POs and subject to the approval of the RDP EAs or SC, as appropriate.

5.9. Each Participant will provide funds for each Project in accordance with the estimated schedule of financial contributions contained in the financial management procedures document.

5.10. Each Participant will be responsible for the audit of the activities for which it is responsible pursuant to a PA in accordance with its own national practices. For PAs where funds are transferred from one Participant to another Participant, the receiving Participant will be responsible for the internal audit regarding administration of the other Participant's funds in accordance with national practices. Audit reports of such funds will be promptly made available by the receiving Participant to the other Participant.

## SECTION VI CONTRACTUAL ARRANGEMENTS

6.1. If a Participant determines that contracting is necessary to fulfill that Participant's responsibilities under a PA, that Participant will contract in accordance with its respective national laws, regulations, and procedures.

6.2. When one Participant individually contracts to undertake a task under a PA, it will be solely responsible for its own contracting, and the other Participant will not be subject to any liability arising from such contracts without its prior written consent.

6.3. If the Participants determine that it is necessary under a PA that one Participant contract on behalf of the other Participant for tasks under that PA, the Participant will contract in accordance with its respective national laws, regulations, and procedures. Such contractual arrangements will be detailed in the particular PA. Sources from both Participants' industries will be allowed to compete on an equal basis for such Contracts. The Contracting Officer will be the exclusive source for providing contractual direction and instructions to Contractors. The POs will be responsible for the coordination of activities relating to this MOU and its PAs and will cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and contract award. The Contracting Officer will also keep the POs advised of all financial arrangements with Contractors.

6.4. For all contracting activities performed by either Participant, the POs will, upon request, be provided a copy of all statements of work prior to the development of solicitations.

6.5. Each Participant's Contracting Agency will negotiate to obtain the rights to use and disclose Project Information required by Section VIII (Disclosure and use of Project Information). Each Participant's Contracting Agency will insert into its prospective Contracts (and require its Contractors to insert in subcontracts) suitable terms and conditions to satisfy the requirements of this MOU, including Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), Section XI (Security) and Section XII (Third Party Sales and Transfers) of this MOU. During the contracting process, each Participant's Contracting Officer will advise prospective Contractors of their obligation to notify the Contracting Agency immediately if they are subject to any license, agreement, or arrangement that will restrict that Participant's freedom to disclose information or permit its use. The Contracting Officer will also advise prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that will result in restrictions.

6.6. In the event a Participant's Contracting Agency is unable to secure adequate rights to use and disclose Project Information as required by Section VIII (Disclosure and Use of Project Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, that Participant's PO will notify the other Participant's PO of the restriction(s).

6.7. Each Participant's PO will promptly advise the other Participant's PO of any schedule delay or other performance problems of any Contractor in connection with a Contract placed by its Contracting Agency pursuant to a PA.

6.8. No requirement will be imposed by a Participant for work sharing or other industrial or commercial compensation in connection with this MOU and any PA that is not in accordance with this MOU.

## SECTION VII PROJECT EQUIPMENT

7.1. For the purpose of carrying out a PA, each Participant may loan without charge to the other Participant such Project Equipment identified in the PA as being necessary for the corresponding Project. While such loans will be based on the principle of reciprocity, exact item for item exchanges are not required.

7.2. Project Equipment loaned will be used by the receiving Participant only for the purposes of that Project. Project Equipment will remain the property of the providing Participant. In addition, the receiving Participant will maintain Project Equipment in good order, repair, and operable condition and will return it in operable condition and in as good condition as received, normal wear and tear excepted, unless the providing Participant has approved in the PA the expenditure or consumption of Project Equipment as necessary for the purposes of the PA. Such expenditure or consumption will be without reimbursement to the providing Participant. However, the receiving Participant will bear the cost of any damage to (other than normal wear and tear) or loss of Project Equipment loaned to it that is not approved for expenditure or consumption. In no event will such cost exceed replacement cost less an amount determined to represent reasonable wear and tear, unless otherwise consented to in writing by the providing Participant.

7.3. A PA will provide specific details of any loan of Project Equipment. Project Equipment identified at the time of PA signature will be detailed in the PA as set out in Annex A. Project Equipment which cannot be identified at the time of PA signature will be documented in a list to be developed and maintained by the POs in the format at Annex A. Approval for all loans will be in accordance with national procedures.

7.4. The Participants will make every effort to ensure that the Project Equipment is furnished in a serviceable and usable condition according to its intended purpose. However, the providing Participant makes no warranty or guarantee of fitness of the Project Equipment for a particular purpose or use, and makes no commitment to alter, improve, or adapt the Project Equipment or any part thereof.

7.5. The providing Participant will transfer the Project Equipment for the approved loan period, unless extended by written amendment, provided that the duration may not exceed the effective period of the PA.

7.6. The providing Participant, at its expense, will deliver the Project Equipment to the receiving Participant at the location(s) mutually approved by the POs. Responsibility for Project Equipment will pass from the providing Participant to the receiving Participant at time of receipt. Any further transportation is the responsibility of the receiving Participant.

7.7. The providing Participant will furnish the receiving Participant such information as is necessary to enable the Project Equipment to be used.

7.8. The receiving Participant will inspect and inventory the Project Equipment upon receipt. The receiving Participant will also inspect and inventory the Project Equipment prior to its return (unless the Project Equipment is to be expended or consumed).

7.9. Upon expiration or termination of the loan period specified in the PA (taking into account any extension), the receiving Participant will return Project Equipment at its expense to the providing Participant at the location mutually approved by the POs. Any further transportation is the responsibility of the providing Participant.

7.10. The receiving Participant will provide written notice of consumption or expenditure of Project Equipment approved for such consumption or expenditure. In the event the intended consumption or expenditure does not occur, the receiving Participant will, unless otherwise determined by the providing Participant, return the Project Equipment to the providing Participant to the location mutually approved by the POs. Any further transportation is the responsibility of the providing Participant.

7.11. The Participants will ensure, by all reasonable means, the protection of intellectual property rights in Project Equipment.

7.12. Any Project Equipment which is jointly acquired on behalf of the Participants for use under this MOU and any PA will be disposed of as mutually approved by the Participants during the applicable Project or when the Project ends as decided by the SC or EA.

7.13. Disposal of jointly acquired Project Equipment may include a transfer of the interest of the Participants in such Project Equipment to one Participant, or the sale of such Project Equipment to a Third Party in accordance with Section XII (Third Party Sales and Transfers). The Participants will share the consideration from jointly acquired Project Equipment transferred or sold to a Third Party in the same ratio as costs are shared under the applicable PA.